

**DRAFT BUDGET: 2012/2013 FINANCIAL YEAR AND FORECASTS  
2013/2014 AND 2014/2015:**

5/1/1/2012/2013

**REPORT** from the Executive Mayor.

***Directorate : Finance.***

**PURPOSE:**

The purpose of this report is for the Executive Mayor to:

1. recommend the Operating, Capital and Personnel Budgets for the 2012/2013 financial year in terms of Section 16(2) of the Municipal Finance Management Act (Act No. 56 of 2003) as amended, and;
2. recommend the adoption of the information required under section 17(3) of the Local Government: Municipal Finance Management Act, (Act No. 56 of 2003) as amended.

**BACKGROUND:**

The capital, operational and personnel budgets (salaries and wages) of Council for the upcoming financial year (2012/2013) have been compiled and are submitted herewith for discussion. In addition forecasts of the requirements for the following two financial years have been made and are provided for consideration.

**DISCUSSION:**

The draft operational budget for the 2012/2013 financial year is based on the operational budget for the 2011/2012 financial year plus an average increase of 11.87%.

The average CPI for 2010/2011 financial year was of 3.85% and for November 2011, 6.1%.

**ANALYSIS OF EXPENDITURE BUDGET 2012/2013**

An analysis of the estimated expenditure for 2012/2013 is as follows:

<b>CATEGORIES</b>	<b>R'000</b>	<b>% of Budget</b>
Remuneration	373,887	23.20%
General Expenditure:		
Eskom – Bulk purchases	673,100	41.77%
Water – Bulk purchases	33,190	2.06%
External Interest	20,937	1.30%

Sundry	115,014	7.14%
Non Cash Flow	68,175	4.23%
Total General	910,416	56.50%
Repair and Maintenance	77,448	4.81%
Depreciation – Redemption & Loans	108,164	<b>6.71%</b>
Contribution: Sundry	50	0.00%
Bad Debt	141,065	8.75%
Total Contributions	141,115	<b>8.76%</b>
Income contribution to Capital	400	0.02%
TOTAL	1,611,430	100.00%

The Budget is to comply with Municipal Finance Management Act No. 56 of 2003 Circular No. 58 read together with MFMA Circular No. 48, 51, 54 and 55 attached as **Annexure “ZZZ”**.

The comparison of the current expenditure budget (2011/2012) vs. the 2011/2013 financial year, indicates the following:

CATEGORIES	BUDGET 2011/2012	BUDGET 2012/2013	CHANGE
	R'000	R'000	%
Total Remuneration	344,918	373,887	8.4%
General Expenditure:			
Eskom	529,749	673,100	27.06%
Water	31,609,	33,190	5.00%
External Interest	25,158	20,937	-16.78%
Sundry	108,338	115,014	6.16%
Non Cash Flow	61,768	68,175	10.37%
Total General	756,622	910,416	20.33%
Repair and Maintenance	73,760	77,448	5.00%
Depreciation	117,206	108,164	-7.71%
Contributions: Sundry	50	50,000	0%
Bad debts	124,912	141,065	12.93%
Total Contributions	124,962	141,115	12.93%
Income contribution to capital	22,720	400	-
TOTAL	1,440,188	1,611,430	11.89%

The overall increase in spending estimates of 11.89% is according to the growth guideline of 3-6 % allowed by National Treasury. Capital grants will be received from external sources (MIG, NDM, National Treasury, Province etc.) to the value of R136,259,000 for the 2012/2013 financial year. If these amounts are taken into account the overall increase in spending estimates will be 2.43%.

Major components which contributed to increases above the approved guideline increase of 3% to 6% are the following:

#### Bulk purchase of electricity

ESKOM increased the tariff of bulk purchases of electricity with 27.06%.

#### Bulk purchase of water.

An agreement between Emalahleni and Anglo Operations limited was entered into whereby the Council purchased 10 ML purified water per day from 1 October 2007, which increased to 16 ML per day with effect from 1 July 2008. This amounts to R33,189,660 which is R1,580,460 additional for the 2012/2013 financial year.

Due to the financial constraints in the budget, the maximum purchase has to be reduced according to the cash flow available.

#### Provision for bad debts.

The provision for bad debts increased from R124,912,326 in the 2011/2012 financial year to R141,064,674 for the 2012/2013 budget, (based on a payment rate of 87.65 % and provision of 12.35 %).

<b>CLASSIFICATION</b>	<b>R'000</b>	<b>%</b>
Remuneration and Allowances	28,969	8.40%
General Expenses	153,794	20.33%
Repair and Maintenance	3,688	5.00%
Depreciation – Redemption	-9,042	-7.71%
Contribution to funds	-6,168	-4.18%
<b>TOTAL</b>	<b>171,241</b>	<b>11.89%</b>
Minus : Eskom	143,351	27.06%
Amount approved by National Treasury	27,890	-15.17%

A detailed discussion of the main headings now follows:

#### REMUNERATION AND ALLOWANCES.

The employee element of the personnel budget amounts to 23.20% of the total expenditure budget and on the cash flow budget 28.43%, which falls inside the standard of between 25% - 35%. In considering this it is important to understand how the salaries and wages budget has been prepared.

Provision was made for salary increases of 8.00%. The salary increase limits the provision for certain vacant positions. An amount of R12,679,568 was provided for overtime. It is imperative to comply within the amounts budgeted for as it will have a direct impact on the final salary percentage increase and vacant positions to be filled.

The multi-year wage agreement lapse on 30 June 2012 and a new agreement should still be negotiated.

Continuous increases above guidelines given by National Treasury negatively affect service delivery and infrastructure development. The basis to determine the salary budget for 2012/2013 was the actual salary budget for 2011/2012 plus 8.00%, notch increases.

In the previous years, the salary component of the budget excluded Councillors' allowances, Unemployment Insurance Fund and continued members, which were shown under general expenditure. In terms of the new GAMAP requirements, Councillors' allowances, continued members and Unemployment Insurance Fund must be shown as part of employees' remuneration and this could result in a higher percentage increase above 35%. For Councillors' remuneration an increase of 8.00% is budgeted for.

#### GENERAL EXPENSES:

NERSA approved 27.06% for the 2012/2013 financial year. This will realize only R669,362,294 levied revenue while bulk purchase of electricity amounts to R673,099,674.

An agreement was entered into between Anglo Operations Limited and Emalahleni whereby Council will purchase 10 ML water per day starting 1 October 2007, which was increased to 16 ML per day for the 2008/2009 financial year. Provision of R33,189,660 (5.00% increase) was made for the purchase of water.

The implementation of GAMAP has seen the need to budget for non cash-flow items separately. Within General Expenditure this heading includes the Indigent Subsidy (increase of R6,150,129 or 14.42%) and Inter Departmental Charges (amounts to R19,040,449) as a result of metering different Council buildings and billing thereof.

Along with the other items in the overall budget the non cash flow items for 2012/2013 represent an assumed payment rate of 87.65 %. It should be noted that the Indigent Subsidy now stands at R48,807,350 with the increase reflecting the Government's policy of support for the poor through the Equitable Share Grant.

The total level of increase for other General Expenses was set at 20.33% which is higher than the current inflation rate due to the huge increase in ESKOM electricity tariff.

Other major components have changed above the 6.10% benchmark which reflects the CPI at 30 November 2011 as follows:

Description of Item	Amounts change (R'000)		%
	2011/2012	2012/2013	
<b><u>General Expenditure Bulk Services</u></b>			
Bulk purchases – electricity	529,749	673,100	27.06%
Bulk purchases – water	31,609	33,190	5.00
Contribution – Provision for bad debt	124,912	141,065	12.93%

#### **BULK PURCHASES ELECTRICITY:**

ESKOM tariff is 26.71% as approved by NERSA, therefore an increase of 26.71% is calculated.

#### **BULK PURCHASES WATER:**

An agreement between Emalahleni and Anglo Operations limited was entered into whereby the council purchased 10 ML purified water per day from 1 October 2007 which increased to 16 ML per day. This amounts to R30,303,346 additional per year for the 2012/2013 financial year.

Provision of R33,189,660 (5.00% increase) was made for the purchase of water.

#### **CONTRIBUTION – PROVISION FOR BAD DEBT:**

The revenue budget is based on a payment level of 87.65% on services, and the provision for bad debts based on 12.35%.

#### **DEPRECIATION:**

GAMAP has a significant impact on the way in which the Council will need to budget for Capital Charges in the future.

The result is that interest and redemption charges to individual cost centres are replaced with a charge for the use of the assets. This is known as Depreciation. However, for the Council as a whole, the impact on the bottom line will remain as the amount it pays in external interest and redemption. For the purposes of setting the 2012/2013 budget, depreciation therefore reflects the external redemption charge only, with interest being shown under General Expenses in accordance with GAMAP.

As a summary, however, provision for interest and redemption on loans is made as follows:

	<b><u>R'000</u></b>
Interest	R20,937,417
Redemption	<u>R24,184,347</u>
TOTAL	<u>R45,121,764</u>

No loans will be taken up during the 2012/2013 financial year, due to the financial position of council.

A complete statement of external loans, interest and redemption is reflected and contained in the separate **Annexure “A”**.

#### CONTRIBUTION TO FUNDS/RESERVES:

The following amounts are provided for the different funds:

	<b>R'000</b>
Provision for Mayor's Bursary Fund	50,000
Bad debts (non-cash-flow item)	141,065
<b>TOTAL</b>	<b>141,115</b>

#### CAPITAL EXPENDITURE.

The capital expenditure for the 2012/2013 financial year amounts to R136,259 million which will be financed as follows:

<b>CAPITAL PROGRAM AS PER IDP</b>	<b>R'000</b>
Nkangala District Municipality (NDM)	34,970
Municipal Infrastructure Grant (MIG)	94,989
DME	6,300
<b>TOTAL CAPITAL PROGRAM</b>	<b>136,259</b>

This capital budget reflects the increased allocation now received from National Government and the District Council. It is in line with the draft IDP. The necessary consultation process with the community will take place and the identified needs from the community will be contained in the abovementioned total. For a further breakdown of these projects, refer to **Annexure “B”**.

#### INCOME BUDGET 2012/2013

##### Objections against the 202/2013 budget and tariffs:

The draft budget and tariffs for 2012/2013 has not been advertised as yet. This will be done at a later stage (April 2012), when the draft budget has been approved by Council. Comments from residents / ratepayer's associations etc., will be considered thereafter for inclusion in the final budget to be tabled in Council towards the end of April 2012.

Service charges are increased as follows:

##### Assessment rates:

- The property rates will be levied on the total market value of the property in accordance with the Property Rates Policy. The first

R50,000 of the market value of residential properties will be exempted from property rates.

- Provision is made for a 12.50% increase in the total income in respect of property rates.

#### Electricity:

ESKOM tariff application of 26.71% increase was approved by NERSA and the tariff is adjusted accordingly.

The distribution loss however increased to 24.01% as at 30 June 2011.

The fact that distribution losses did not decrease can result in the electricity tariff not being approved by NERSA.

The National Electricity Regulator South Africa (NERSA) approved a tariff increase of 20.73% while daily purchases increase with 27.06%. It is recommended that Council budget for an increase of 20.73%. It must be noted that the excessive increase from NERSA is bankrupting Council as the same percentage cannot be recovered from revenue.

#### Water:

The recommended increase in the water tariff is 12.50%.

#### Refuse Removal & Sewer:

The recommended increase in respect of refuse removal and sewer is limited to 12.50% respectively.

#### Equitable Share.

The Equitable Share Grant is an unconditional grant assisting municipalities to supplement their revenue to deliver services to poor households.

An amount of R181,726,000 million has been approved for the 2012/2013 financial year. This is an increase of approximately 10.91% on the current year and reflects the Government's increased investment in infrastructure and the alleviation of poverty.

The proposed allocation in respect of Indigent Subsidy in the 2012/2013 budget is R48,807,350 million.

The monthly Indigent subsidy as from 1 July 2012 will be R249.19. An estimated number of 16,322 consumers will be subsidized in the 2012/2013 financial year.

Indigent subsidy broken down as follows:

Electricity (50 units)	R 53.95
Refuse	R 83.91
Basic Sewer (500 m2) and additional sewer	<u>R 80.73</u>
Subtotal	R218.59
Plus 14% VAT	<u>R 30.60</u>
TOTAL	<u>R249.19</u>

Indigents will not be subsidized in respect of assessment rates as the first R50,000 of the market value of all residential properties is exempted.

Projections for the following two years continue this trend with indicative figures of R194 million (7.1% increase) for 2013/2014 and R194 million (6.57% increase) for 2014/2015.

It is recommended that the allocation should be as follows:

	<b><u>R'000</u></b>
Indigent applications	48,807
Operating	111,201
Free basic water (6 KL)	<u>21,718</u>
TOTAL	<u>181,726</u>

#### Payment Rate:

The payment rate anticipated for the 2012/2013 financial year will be 87.65% resulting in a provision for non cash-flow items of 12.35% (bad debts).

<u>Financial year</u>	<u>Average payment rate</u>
2009/2010	85.35%
2010/2011	85.46%
2012/2013 (January 2012)	87.40%
Average	86.07%

#### General:

The impact of all the above is that the maximum income achievable is estimated at R1,611,428,991 which is an increase of R171,240,935 or 11.89%. This is made up as follows:

	<b><u>R'000</u></b>
General Services/Grants	39,360
Water	9,919
Sewer	8,251
Electricity	77,965
Refuse	7,355
Rates	28,391
TOTAL	171,241



## TARIFF STRUCTURE FOR SERVICES:

### GENERAL REMARKS:

Due to the financial position of Council and economical circumstances, expenditure must be limited to the level of achievable income.

It is recommended that the tariffs be increased as shown above with effect from 1 July 2012. Examples of consumer accounts, comparing 2011/2012 with 2012/2013 are attached as **Annexures “E”** and proposed tariffs as per **Annexure “D” – “Z”**. The proposed tariffs do not include VAT.

### MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK (MTREF):

The attached Medium Term Revenue Expenditure Framework for Operational Income and Expenditure and the Capital Budget is prepared for the financial years 2012/2013 to 2014/2015 (**Annexure “C”**). This document is utilized for planning and control purposes regarding the budget and assists in keeping tariff increases at affordable levels, compared to expenditure needs and economic ratio.

Attached as **Annexure “C c”** is the actual cash flow for 2012/2013 financial year for notification.

The growth rates are shown below:

	<u>Expenditure</u>	<u>Income</u>
2009/2010	4.02%	4.02%
2011/2012	16.58%	16.58%
2012/2013	11.89%	11.89%
2013/2014	8.00%	8.00%
2014/2015	8.00%	8.00%

The first page of the detailed budget in **“Annexure ZZ”** shows the impact of the policies adopted for the Medium Term Revenue Expenditure Framework.

### IMPLICATIONS OF THE ACT:

The Act makes significant changes to the financial management of Municipalities and the information to National and Provincial Governments as amended by National Treasury for High Capacity Municipalities with effect from the 2009/2010 Budget.

The budget tables and supporting tables are as follows: (**Annexure “ZZ”**)

1. Table A1 – Budget Summary;

2. Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification);
3. Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote);
4. Table A4 – Budgeted Financial Performance (revenue and expenditure);
5. Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding;
6. Table A6 – Budgeted Financial Position;
7. Table A7 – Budgeted Cash Flows;
8. Table A8 – Cash backed reserves / accumulated surplus reconciliation;
9. Table A9 – Asset Management;
10. Table A10 – Basic Service Delivery Measurement
11. Supporting Table SA1 – Supporting detail to budgeted Financial Performance;
12. Supporting Table SA2 – Matrix of the Financial Performance Budget;
13. Supporting Table SA3 – Notes to the Budgeted Financial Position;
14. Supporting Tables SA4–SA6 – Reconciliation of IDP Strategic Objectives and budget;
15. Supporting Table SA7 – Measurable performance objectives;
16. Supporting Table SA8 – Performance indicators and benchmarks;
17. Supporting Table SA9 – Social, economic and demographic statistics and assumptions;
18. Supporting Table SA10 – MFMA funding compliance;
19. Supporting Table SA11 – Property rates summary;
20. Supporting Table SA12– SA13 – Property rates by category;

21. Supporting Table SA14 – Household bills;
22. Supporting Table SA15 – Investment particulars by type;
23. Supporting Table SA16 – Investment particulars by maturity;
24. Supporting Table SA17 – Borrowing;
25. Supporting Tables SA18-SA20 – Transfers and grant receipts, expenditure and unspent funds reconciliation;
26. Supporting Table SA21 – Transfers and grants made by the municipality;
27. Supporting Table SA22-SA24 – Councillor and staff benefits and personnel numbers;
28. Supporting Table SA25-SA30 – Monthly revenue, expenditure and cash flow;
29. Supporting Table SA31 – Aggregated entity budget;
30. Supporting Table SA32 – List of external mechanisms;
31. Supporting Table SA33 – Contracts having future budgetary implications;
32. Supporting Table SA34 – Capital programme by asset class;
33. Supporting Table SA35 – Future financial implications of the capital budget;
34. Supporting Table SA36 – Detailed capital budget;
35. Supporting Table SA37 – Projects delayed from previous financial year(s)

For details of the abovementioned documents see **Annexure “ZZ”**.

**RECOMMENDATION BY THE MUNICIPAL MANAGER:**

1. That the Draft Budget (Annexure “C”) for the 2012/2013 financial year be approved in terms of Section 160(2)(3)(b) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), read with Section 16(2) of the Municipal Finance Management Act, (Act No. 56 of 2003) as amended as follows:
  - 1.1 Operating budget, expenditure to the amount of R1,611,428,991;

- 1.2 Capital program (vote) to the amount of R136,259.000 (Annexure “B”);
- 1.3 Revenue to the amount of R1,611,428,991 broken down as follows:

	R'000	R'000	R'000
<b>VOTE</b>	<b>OPERATING</b>	<b>CAPITAL</b>	<b>REVENUE</b>
Executive & Council	57,502,481	2,760,335	11,656
Finance	16,315,0827	0	443,765,442
Administration	60,907,847	0	1,775,540
Planning & Development	36,095,561	0	10,994,941
Health	15,473,483	0	2,403,000
Community & Social Services	24,091,984	0	5,271,215
Housing	10,391,399	0	2,518,385
Public Safety	70,637,131	0	22,595,505
Sport & Recreation	24,212,071	18,960,000	14,988,000
Environmental Protection/ Management	4,373,947	0	35,171
Waste Management	58,730,623	0	60,649,705
Waste Water Management	50,873,103	54,768,665	123,211,160
Roads, Storm water	30,807,460	28,500,000	28,540,000
Water	132,450,701	8,970,000	196,288,159
Electricity	845,093,458	22,300,000	692,076,883
Other (Market)	26,636,905	0	6,304,229
<b>TOTAL</b>	<b>1,611,428,991</b>	<b>136,259,000</b>	<b>1,611,428,991</b>

- 1.4 that the following sub-functions under the abovementioned votes, be noted:

Executive & Council:

- Mayor's Office
- Mayoral Committee
- Speaker
- Council General Expenditure
- Municipal Manager
- Community participation & communication
- Internal Auditing
- P M S & I D P
- LED & Marketing
- PMU

Finance:

- Administration
- Property Rates & Grants
- Expenditure & Financial Planning
- Revenue

Administration:

- Administration
- Human Resources
- Stores & Asset Management

- Information Technology
- Fleet
- Property Services

Planning & Development:

- Spatial Planning
- Land Use Management
- Administration

Health:

- Primary Health Care Clinics

Community & Social Services:

- Cultural Centre
- Community Halls
- Libraries
- Cemeteries
- Administration

Housing:

- Housing

Public Safety:

- Administration
- Licensing
- Traffic
- Security
- Fire
- Disaster Management

Sport & Recreation:

- Parks, Recreation & Sport
- Parks & Sport fields

Environmental Protection/Management:

- Environmental Management

Waste Management:

- Solid Waste

Waste Water Management:

- Sewerage Purification
- Sewerage Network
- Public Toilets

Roads, Storm water:

- Roads & Storm water

Water:

- Water (Purification/Storage)
- Water Network/Distribution
- Administration

Electricity:

- Electricity Distribution
- Street lighting
- Administration

Other:

- Nature Reserve & Resort
- Market
- Aerodrome
- Building Control

2. that the following be noted and confirmed:

- 2.1 that (NERSA) approved a tariff increase of 20.73% while daily purchases increase with 27.06%. It is therefore recommended that Council budget for an increase of **20.73%**;
- 2.2 that provision of R141,064,674 has been made for possible irrecoverable debts on the understanding that strict legal measures will continue to be implemented to curb losses and non-payment for services;
- 2.3 that it be noted that the total provision for irrecoverable debts will amount to R614,890,842 being 89.25% of outstanding debtors of R688,947,607 as at 28 February 2012;
- 2.4 that provision was made for a general salary increase of 8.00% across the board with effect from 1 July 2012;
- 2.5 that provision was made for a possible increase of 8.00% in the allowances of Councillors. Municipal Manager and Section 57 Employees (Directors);
- 2.6 that an amount of R181,726,000 million has been provided as "Equitable Share" (National Government);
- 2.7 that the amount in 2.6 has been allocated as follows:

	<u>R'000</u>
2.7.1 Free Basic Water – 6 Kl	R 21,718
2.7.2 Poverty relief	R 48,807
2.7.3 Operational Budget	<u>R111,201</u>
	<u>R181,726</u>

- 2.8 that capital items (furniture, machinery, tools, computers, etc.) up to R7,000 each, were provided for on the operational budget as inventory items, in line with the “GAMAP-principles” and also for reasons of simplification of the budget;
3. that normal legal action still be implemented to recover arrear debts, including:
  - 3.1 sales in execution;
  - 3.2 eviction orders in respect of unpaid rentals/instalments on agreements;
4. that the tariff of charges with reference to the Determination of taxable property values and assessment rates payable (2012/2013) contained in **Annexure “D”**, be noted;
5. that the tariff of charges, with reference to the under mentioned services, be amended in terms of Section 75A (as amended) of the Local Municipal Systems Act, 32 of 2000 (as amended), read with section 10(g)(7)(a) and (b) of the Local Government Transition Act, No. 209 of 1993 (as amended), with effect from 1 July 2012 and with regard to **Annexures “F “ to “Z”**:

ANNEXURE F	Electricity
ANNEXURE G	Water
ANNEXURE H	Water (GaNala Entity)
ANNEXURE I	Refuse Removal
ANNEXURE J	Drainage Services
ANNEXURE K	Parking areas
ANNEXURE L	Approval of building plans
ANNEXURE M	Cultural Centre
ANNEXURE N	Rental for community halls in Lynnville and Schoongezicht
ANNEXURE O	Fire Brigade services
ANNEXURE P	Recreation resort
ANNEXURE Q	Market services
ANNEXURE R	Railway service lines and private sidings
ANNEXURE S	Cemetery Fees
ANNEXURE T	Issuing of certificates and the furnishing of information
ANNEXURE U	Library Services
ANNEXURE V	Rental of stadiums
ANNEXURE W	Service Contributions
ANNEXURE X	Rental Hawkers
ANNEXURE Y	Spatial Planning
ANNEXURE Z	Rental Tariffs – business properties and flats

6. that the tariff for assessment rates be fixed and amended in terms of section 14(1) of the Municipal Property Rates Act, and section 75 (A)1(a) of the Systems Act, as from 1 July 2012 and with regard to Annexure "D";
7. that the assessment rates, which are to be levied in terms of (6) above, be payable in 12 equal monthly instalments;
8. that the execution/purchase of capital projects/items, as contained in the Capital budget be approved in terms of section 19 of the Municipal Finance Management Act ,No 56 of 2003 as per Annexure "B";
9. that Council continue striving to control expenditure to the absolute minimum, consistent with approved service delivery levels, during the 2012/2013 financial year, but overall limited to the amount of realisable income achieved;
10. that income levels be raised during the coming financial year, by maintaining the actions currently undertaken by Council (including cut off actions, etc. and the normalization process);
11. that reports be submitted to the relevant National and Provincial Departments in accordance with the Act and associated regulations;
12. that both the capital and operational budgets be presented to the relevant National and Provincial Departments;
13. that the budget framework as required by the Municipal Finance Management Act (Act No. 56 of 2003) Section 17(3) as amended per budget tables and supporting tables (Annexure "ZZ"), be approved;
14. that the Draft Operating MTEF for the period 2012/2013 – 2014/2015 as per Annexure "C", be approved;
15. that the requirements of the Municipal Finance Management Act (Act No. 56 of 2003) as amended, and actions taken, be noted;
16. that the local community be invited to submit representations in terms of S22 (a; ii) of the Municipal Finance Management Act, Act No. 56 of 2003 (as amended) and Section 21 of the Municipal Systems Act, Act No. 32 of 2000 (as amended);



17. that spending on non-priorities like unnecessary travel, inventory furnishings, excessive catering and unwarranted public relation projects be discouraged as per paragraph 4.1 of circular 58 of the Municipal Finance Management Act, Act No 56 of 2003 (as amended); and
18. that note be taken of paragraph 4.8 of the Municipal Finance Management Act, Act 56 of 2003 (as amended) circular 58 and its recommendation be implemented in terms of section 167 of the MFMA.